Ordinary Man
Media

# Risk Management Policy

## 1. Aims

This document:

- is part of our internal control and governance framework;
- outlines our approach to risk management, including the role of the Board and other key roles, important aspects of risk management *processes*, and reporting procedures; and
- describes how the Board will evaluate the effectiveness of our internal control procedures.

## 2. Approach to risk management

These principles guide our approach to risk management and internal control:

- The Board is responsible for overseeing our risk management.
- The Board will take an open and receptive approach to solving risk problems.
- Our staff give advice on and implement policies approved by the Board.
- We recognise and disclose the financial and other implications of *risk* prudently.
- All staff will promote good risk management practice within their areas of work.

## 3. Role of the Board

The Board's role is to:

- Guide our *risk management behaviours* by:
    - communicating our approach to *managing* risk;
    - deciding *how to evaluate risk within decisions*; and
    - setting expectations and standards for staff concerning conduct and probity.
- Approve major decisions affecting our risk profile.

- *Define when and how risk is to be analysed and monitor actions to improve management of risk*.
- Satisfy itself that *risk is being managed, with appropriate decision-making and appropriate controls operating effectively*.
- Review our approach to risk management annually and approve changes to it.

## 4. **Role of key staff**

Key staff will:

- Implement policies on risk management and internal control.
- *Analyse risk, where appropriate,* for consideration by the Board.
- Supply adequate, timely information to the Board and its sub-committees concerning the status of *risk*.
- Annually review the effectiveness of the system of internal control and report findings to the Board.

## 5. Risk Management Statements

- **Objectives:** We will develop and maintain sets[1] of objectives[2] that adequately represent[3] the relevant[4] legitimate interests of all stakeholders, including non-financial objectives and objectives related to long term sustainability, not just this year's profit/surplus.
- **Consideration:** We will consider[5] all the objectives when carrying out core management activities[6], such as planning, monitoring, and design.
- **Uncertainty:** When considering potential objectives, the consequences[7] of alternative courses of action[8] for achievement against the objectives, and applying decision rules, we will take steps to ensure that we are aware of the limitations of our knowledge and control, and the resulting uncertainty[9].
- **Action:** We will adopt appropriate[10] courses of action after proper consideration of the possible consequences and uncertainty.

*Notes*

1. *Sets* of objectives are more practical than a single set of objectives, in most cases, because different decisions involve different considerations. There is usually no need to have a set of objectives for each stakeholder.
2. An *objective* here means a measure of outcomes used to evaluate them (e.g. year end profit, number of deaths in a year, value of bad debts, severity of reputation damage arising from crises). An objective is not a target or goal, but more a measure of the extent of achievement with an understanding of which direction of change is preferred.
3. *Adequately representing* interests involves considering all possible levels of achievement against objectives. For example, a very poor level of achievement against a particular objective might be disastrous, but a very high level of achievement on that objective might not make much differences to the current position. This is just one possibility of many.
4. This includes, by implication, not including irrelevant interests.
5. *Considering objectives* is done by such means as measuring extent of actual achievement of objectives, trying to think of ways to achieve more against the objectives, considering the consequences for achievement against objectives of alternative courses of action, and (possibly) rewarding achievement against objectives.
6. *Core management activities* are the fundamental thinking activities of running an organisation, such as sense-making, establishing objectives, policy making, diagnosis of problems, business planning, monitoring, and design. Many decisions are made by applying a standard decision rule, and in this case the decision rule should be devised through proper consideration of its consequences.
7. *Consequences* of a course of action are not limited to those directly triggered by that course of action. They include changes to the impact of external changes, such as the benefit provided by having backups of data, a security fence, or financial reserves.

8. *Courses of action* includes plans; designs for processes, systems, structures, products, and so on; policies; alternative candidate employees or suppliers; and any other alternative in a decision.
9. This is not limited to uncertainty about the future; there may be uncertainty as to the past or current situation that affects application of a policy, for example.
10. *Appropriate* courses of action are those that make sense given the considerations. They might not be the best possible courses of action but diligent efforts to generate better courses of action are expected.

## 6. General policy

6.1. The directors of Ordinary Man Media acknowledge that the responsibility for the management and control of the company rests with them and that an integral part of this management and control is the development of a risk management policy.

6.2. Managing risk contributes to internal control. Internal control for us involves elements that together promote an effective and efficient operation. These elements include:

a. Policies and procedures
Policies underpinning internal control are linked to our core activities. These policies are set by the Board, implemented, and communicated to staff. Where appropriate, written procedures support the policies.

b. Reporting
Our reporting is designed to monitor risk and its management.

c. Business planning and budgeting
The business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress on meeting the objectives is monitored regularly.

d. Self Assurance Process
We assess whether we are fit to receive public funds by our annual self assurance process, which provides assurance that our structures, plans, policies and procedures are monitored and improved to achieve our objectives and use our funds well.

e. Internal and external audits and advice
External audit informs the Board about the operation of those internal controls reviewed within their annual audit.
External consultants will sometimes be necessary in areas like health, safety, and human resources. This can also increase reliability of our internal control system.

f. Risk management *in core management activities*
*We manage risk within core management activities* as follows:

- Objectives cover the legitimate interests of all stakeholders.
- Those objectives are considered within core management activities, such as planning, monitoring, and design.
- This consideration includes explicit awareness of the limitations of our knowledge and control, and resulting uncertainty.
- This consideration leads to adopting appropriate courses of action, including designs.
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3. Our policy is to identify and manage the possible and probably risks that the company may face in the short and medium term as an integral part of governance to help ensure that:
   - Significant risks are known and monitored, enabling the directors to make informed decisions and to take timely action;
   - The company makes the most of opportunities and develops them with a confidence that any risks will be properly managed;

- The company's aims are more successfully achieved;
- Forward and strategic planning is improved.

6.4 The directors overriding responsibility is to develop, oversee and put into place systems, procedures and controls that enable the company to be successful in achieving the purposes for which it was established.
In so doing, the directors recognise and accept that not all risks can or should be avoided or fully mitigated but would seek to mitigate, as far as is possible, those that it considers to pose the most serious threat to the future viability and success of the company.
In general, the directors would classify the risk profile of the company as low**,** recognising that this profile may change or vary:

- Over time;
- When applied to specific activities or operations e.g. investments;
- In the light of external circumstances and influences.

## 7. Identifying and assessing risks

Ordinary Man Media identifies the risks that it faces in a systematic way recognising that risks can impact all parts of the company including those associated with the following areas:

- Governance risks – including strategic and leadership;
- Operational risks;
- Financial risks;
- External risks;
- Compliance with the law and other regulations.

Risks are considered by the directors and recognising that this assessment will necessarily involve a level of subjectivity, the more serious risks are identified.

The operating environment and the associated risks faced by the company will change over time. As a result, the identification and the assessment of risk will be reconsidered if:

- Circumstances change that are considered to impact the ability of the company to achieve its goals;
- Legislation or other regulations are introduced or amended such that they impact the successful operation of the company;
- There are significant changes in the company's key personnel.

In the event that nothing occurs to cause risks to be re-assessed, a review of all risks will take place on an annual basis.
Controls that are designed to mitigate financial risks are reviewed by the directors on an annual basis.

## 8. Managing the identified risks

8.1. Once identified and assessed, the directors will determine how to manage each risk, either by:

- Seeking to avoid the risk altogether, which may mean the company scales back, or even stops altogether, its work in certain areas;
- Accepting the risk, understanding that not all risks can or should be avoided;
- Transferring the risk or its impact to a third party. The most recognised form of risk transference is through the use of insurance. However, in some situations, the directors may consider the outsourcing of certain activities to more specialist providers;
- Seeking to mitigate or control the risk (see 8.2).

2. In cases where the directors seek to control the risks, actions taken may include:

- Changes to operating practices or procedures;
- The introduction or implementation of new systems or processes;

- Amending the role of volunteers and staff, even removing them altogether in extreme cases.

## 9. Residual risk

The residual risk is that which remains once the directors have managed the risk in the ways set out in 8.1
This level of residual risk is considered by the directors of the company to be acceptable when pursuing the objectives of the company.

## 10. **Annual review of effectiveness**

The Board reviews the effectiveness of our internal control, using information from senior staff, as outlined below.
For *each business plan objective* the Board will:

- review our track record on risk management and internal control over the previous year; and
- consider the risk profile for the coming year and consider whether existing internal control arrangements are likely to be effective.

In reaching a decision the Board will consider the following:

a. Control environment

- our objectives and targets
- our organisation structure and the quality of our people
- our *behaviours*, approach, and resources for managing risk
- delegation of authority
- public reporting.

b. Continuing *management of risk*:

- prompt *incorporation of new knowledge into forecasting for business planning, business monitoring, and business design*
- *adaptation of our plans, processes, and so on in response*.

c. Information and communication:

- quality and timeliness of information about *risk*
- time taken to recognise *problems and update forecasts*.

d. Monitoring and corrective action:

- our ability to learn from our problems
- strength and speed of corrective actions.

The staff member responsible for *supporting* risk management will provide a report of the review of effectiveness of internal control annually for consideration by the Board.

## 11. Adoption of this policy

*The directors of the company formally accepted this policy at the Directors meeting held on 2 July 2021.*